Testimony of Mark Kraus, Director, Public Sector, Covisint

Regarding Michigan Health Insurance Exchange

House Health Policy Committee

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Covisint Connect-Data Exchange

Testimony of Mark Kraus

Good afternoon Madam Chair and members of the committee. Thank you for the invitation to appear today to offer Covisint's perspective on healthcare technology generally, and specifically, state health insurance exchange technology.

By way of background, I'm Mark Kraus, Director of Public Sector and Healthcare for Covisint. With me today, is my colleague at Covisint, Christine Fend, Manager of Healthcare Accounts. I'm excited to be here today to share my views on data exchange, a subject in which I've been passionately involved for over 20 years. For the past 2 decades, I've helped businesses, states, and individuals develop data-exchange networks in various sectors including automotive, energy, and now healthcare. In fact, for the past 6 years, and prior to the ACA, I've almost exclusively focused on assisting public sector clients find innovative solutions to share data securely across disparate systems.

Now, with the advent of the ACA, state leaders find themselves confronted with the seemingly vexing problem of establishing a state health insurance exchange. While there are certainly many complex issues necessitating deep examination regarding the insurance exchanges, my presentation today will largely focus on data-exchange technology, it's application in an insurance exchange, our vision for a successful exchange, and how the private sector can help the state establish a financially sustainable model.

At its technological core, an insurance exchange is quite simply a web-based hub allowing for the secure exchange of data between disparate systems. This is precisely the reason Covisint was created nearly 20 years ago.

Born of the automotive sector's need to share data between its vast network of suppliers, Covisint was created as a way to drive efficiency, cost savings, and quality. Now a division of Detroit-based Compuware Corporation, Covisint is at the forefront of health information technology nationally. Our company has focused heavily on establishing statewide data-sharing networks allowing for the secure exchange of health information among disparate systems such as hospitals, doctors, clinics, labs, and payers in various states.

If the committee will indulge me for a moment, I'd like to share with you a few of our most recent successful health information data exchanges. In Michigan, Covisint serves as the backbone for one of the most successful physician-owned health information exchanges—My1HIE. Covisint was also chosen by the Southeast Michigan Beacon Community to host the BeaconLink2Health, a health information exchange that will enable healthcare providers across southeast Michigan to access electronic health record (EHR) information

In Vermont, we serve as the technology partner for the Vermont Blueprint for Health. VBH works to improve the healthcare of all Vermonters and the statewide healthcare system by focusing on quality and efficiency. Early results show a slowing growth rate in Medicaid costs including a reduction in emergency department visits for patients treated in the Advanced Primary Care (medical home) setting.

In Indiana, Covisint was chosen as the technology partner for the Indiana Health Information Exchange—IHIE—the largest of its kind in the country.

Covisint is also strategically partnered on health IT nationally with Northrup Grumman, AT&T, and Microsoft to pursue health IT solutions

In Michigan, Covisint has established partnerships with key healthcare stakeholders toward creating data exchanges with the sole mission of reducing costs, improving patient care, and driving efficiencies. These partnerships include the statewide physician network of the Michigan State Medical Society, the Michigan Association of Health Plans, and the state's Medicaid HMOs—partnerships that can serve as the beginnings of a successful insurance exchange.

Now, with that as a backdrop, I'll turn our attention to Covisint's specific vision of a state healthcare exchange.

Starting in January, 2014, Michigan's state insurance exchange must allow individuals and small businesses the ability to compare health plans, get answers to questions, determine eligibility, and enroll in a health plan that meets their needs.

Covisint's vision of an insurance exchange will help citizens:
- Drive competition by allowing consumers to search for and compare private health plans.
- Get answers to questions about health coverage options.
- Determine eligibility for health programs or tax credits that make coverage most affordable.
- Enroll in a health plan.

What This Means for Michigan constituents:
- For individuals and families, the state insurance exchange will be a single place to support enrollment in private or public health insurance coverage.
- For small employers, the state insurance exchange will be a way to level the playing field, with a better choice of plans and insurers at a lower cost, the way larger employers do now.

Currently, consumers have a community of payers who potentially provide them a health plan based on their eligibility. In the past, these service providers have relied on manual paper processes or expensive point-to-point electronic interfaces.

Covisint is proposing to build a simple hub structure for the State of Michigan that will make it much simpler and less expensive for this community of service providers to exchange the needed information with consumers. This is a one-to-many relationship where a consumer can interface with a single point of access and reach several payers with one click of a mouse just like Travelocity or Orbitz.

For individual health plans, part of the challenge of participating in a state insurance exchange will be the interfaces and integration necessary with a new system. However, Covisint's technology excels at allowing the seamless interface of disparate systems without the need to employ proprietary operating systems at the user level requiring complete replacement of the vast technology investments made by the stakeholders.

Because the Covisint technology platform is already developed, we're uniquely positioned to propose a "pay as you go plan" which will mitigate risk and capital investment for the State of Michigan. "Time to Market" is also accelerated.

Under Covisint's proposal, the insurance exchange will be a function of the private sector without the need of the State of Michigan to expend any funds to facilitate the establishment of the exchange

Under this vision, each participating payer and commercial organization will connect to the insurance exchange along with other emerging private HIX offerings. In addition to facilitating statewide connectivity for health insurance, the state health insurance exchange would also provide integration hooks into the federal date hub to facilitate transactions with federal agencies such as the Treasury department, CMS, and HHS.

Financial sustainability will require that participating insurance providers and commercial portal users pay a nominal fee to the insurance exchange in order to participate.

Goal & Projected Benefits

The goal of the state insurance exchange is to provide a single point of access(s) to facilitate communication between all available participating payers and consumers with a seamless easy to use technology that delivers the following benefits:

1. Improves ability to purchase health insurance easily and cost effectively
2. Provides instant eligibility capability for both payer and consumer
3. Eliminates existing data entry and manual work for both payer and user.
4. Reduces the science project by matching up the right plan for the right consumer.

Covisint's Healthcare Framework

The following diagram represents the overall proposed Covisint healthcare insurance exchange framework.
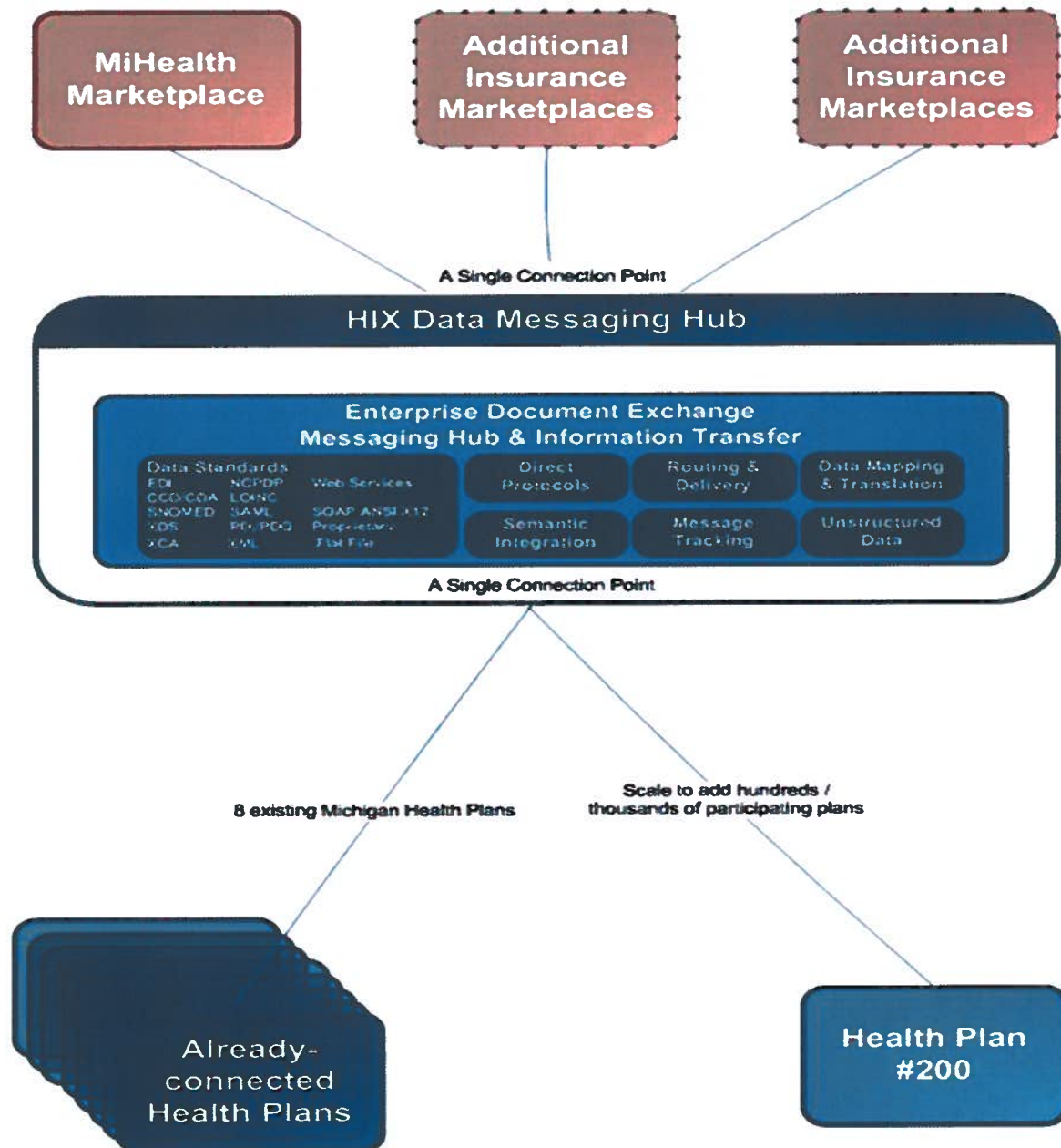
Establishing/Operating the Exchange—Potential Technology Cost Points

1. Setup Service Provider to Exchange portal connection
   a. Interface to Service Provider inbound and outbound messaging.
   b. Map to Service Provider
   c. Connectivity from Service Provider to Consumer Portal via Covisint platform

2. Map data sets from Service Provider to Consumer Portal Source
   a. Inbound data and outbound data
   b. Map from Covisint to Consumer Portal
   c. Time and Materials –for any interface other than industry standard

3. Maintenance fees for technical fixes, helpdesk, and necessary infrastructure upgrades.

4. Data exchange fees
   a. 12Mb of data exchange per year
   b. If data exchange volume exceeds 12Mb, fees could be assessed

5. Helpdesk for users and participants

6. Hardware Infrastructure (if necessary)